



NOTES FROM THE:

Auditor General of the Air Force

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AFAA Role in Reviewing Air Force Financial Management Systems

Adequate financial systems are critical stepping stones to achieving the auditable financial statements called for in the 1990 Chief Financial Officers (CFO) Act. Currently, the Air Force is working hard to fix the 42 financial feeder systems under its control. Important areas for new or reengineered systems include adequate internal controls and compliance with applicable federal accounting standards. Through management advisory services, audits, and integrated process teams, the AFAA is assisting the Air Force in addressing these areas.

Management Advisory Services (MAS)

Through our MAS program, AFAA auditors advise on internal control and accounting conformance requirements and conduct tests of critical financial management systems. For example, auditors ensure the systems provide transaction histories, audit trails, proper access controls, and adequate configuration management. Additionally, auditors determine whether the systems comply with various federal accounting standards covering areas such as asset valuation, revenue recognition, and liability reporting. Throughout the engagements, auditors provide periodic briefings or memorandums summarizing their work and highlighting areas that need strengthening. Since 1996, AFAA auditors have advised on more than 20 major system development and reengineering efforts. Auditors are currently consulting on the redesign of Air Force Materiel Command's Stock Control and Distribution System, and the Depot and Contract Maintenance Accounting and Production Systems. Auditors are also currently providing advisory assistance to the Air Force's new Automated Civil Engineering System.

Validation Audits

At the completion of system development and after program managers have addressed the issues highlighted during the MAS work, AFAA auditors perform audits to validate that the systems meet financial and control requirements. For example,

our validation audits include tests to determine if accounting transactions process through the system as designed and if controls such as access limitations work properly. Our results assist senior officials in assuring that the systems provide reliable, complete, and accurate accounting information for financial statements. Management can also use the validation audit results to support their certification that the system complies with established requirements.

CFO Integrated Process Team (IPT)

Developing effective financial feeder systems requires a partnership among financial managers, functional area leaders, and auditors. Accordingly, in 1998, the Principal Deputy Assistant Secretary, Financial Management, and the Assistant Deputy Chief of Staff, Installations and Logistics, initiated a co-sponsored IPT to facilitate CFO compliance for logistics related financial management systems. The IPT meets semimonthly, receives program manager briefings along with periodic auditor assessments, and acts to enhance and sustain important systems development efforts. Also, the CFO IPT has sub-IPTs to address accounting and control issues particular to specific issue areas. AFAA provides representatives who serve in an advisory role on each sub-IPT covering issue areas such as general contracting; real property; munitions; inventory valuation and reporting; and national defense property, plant, and equipment.

Conclusion

As you can see, the AFAA has made a strong commitment to assist the Air Force in achieving better financial systems—currently, over 15 auditors are working full time providing advisory services for financial management system developments. The dedicated efforts of financial system developers, along with support of the entire partnership team, should culminate in Air Force systems that meet standards and provide timely, reliable financial information.